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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/540,214	03/31/2000	Jay S. Walker	00-006	9740

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EXAMINER

DURAN, ARTHUR D

ART UNIT	PAPER NUMBER
3622	

DATE MAILED: 08/19/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/540,214	WALKER ET AL.
	Examiner	Art Unit
	Arthur Duran	3622

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 14 July 2003.

2a) This action is FINAL. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-96 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-96 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11) The proposed drawing correction filed on _____ is: a) approved b) disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.

12) The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

- Certified copies of the priority documents have been received.
- Certified copies of the priority documents have been received in Application No. _____.
- Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).

a) The translation of the foreign language provisional application has been received.

15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

1) Notice of References Cited (PTO-892) 4) Interview Summary (PTO-413) Paper No(s). _____.

2) Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) Notice of Informal Patent Application (PTO-152)

3) Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____.

6) Other: _____

DETAILED ACTION

1. Claims 1-96 have been examined.

Continued Examination Under 37 CFR 1.114

2. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 7/14/03 has been entered.

Response to Amendment

3. The Amendment filed on 7/14/03 is sufficient to overcome the Scroggie and Kanter reference.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-68 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. These claims are rejected under 35 U.S.C. 101 because these claims have no connection to the technological arts. The method claims do not specify how the claims utilize any technological arts. For example, no network or server is specified. To overcome this rejection, the Examiner recommends that the Applicant amend the claim to specify or to better clarify that the method is utilizing a medium or apparatus, etc within the technological arts. Appropriate correction is required.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In*

re Toma, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but

rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the current application, no technological art (i.e., computer, network, server) is being utilized by claims 1-68. Appropriate correction is required.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-15, 17-21, 24-47, and 49-96 are rejected under 35 U.S.C. 103(a) as being unpatentable over Bergh (6,112,186) in view of Scroggie (5,970,469).

Claim 1, 7, 10, 17-21, 24, 29, 37-45, and 49-96: Bergh discloses a system and method for:

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receiving from a customer an indication of a product category or a service category (col 3, lines 17-25; col 1, lines 24-32; col 11, liens 5-7; col 11, lines 49-53; col 27, lines 9-14). Additionally, If a user can become more experienced in a particular domain, as Bergh discloses (col 11, lines 49-53), it is inherent that that user is selecting that domain more regularly. Bergh also discloses that the user can choose different product categories by selecting different websites (col 28, lines 5-11; col 28, lines 18-22). Bergh also discloses that user category and item selection in different categories can be interconnected (col 28, lines 10-15; col 28, lines 20-25; col 28, lines 49-53).

Bergh further discloses selecting for the customer one of the products in the product category or the services in the service category (col 27, lines 17-20; col 27, lines 27-30; col 27, lines 65-col 28, lines 2; col 1, lines 50-54).

Bergh further discloses providing an indication of said selected one of said at least two products or said at least two services (col 27, lines 17-20; col 27, lines 27-30; col 27, lines 65-col 28, lines 2).

Bergh further discloses a retailer category (col 1, lines 24-32; col 3, lines 17-25) where the retailer category is restaurants, clothing stores, World Wide Web pages, etc.

Bergh further discloses that the user makes a purchase (col 27, lines 65-col 28, lines 2).

Bergh does not explicitly disclose arranging for a benefit to be provided if the product or service selected for the customer has been purchased.

However, Scroggie discloses arranging for a benefit to be provided if the product or service selected for the customer has been purchased (col 7, lines 65-67; col 8, lines 28-30; col 5, lines 62-65; col 6, lines 7-13). It is inherent to rebates that they provide a benefit if the product or service has been purchased.

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Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Scroggie's rebate for a purchase made to Bergh's customer selecting a product category and subsequent item recommendation. One would have been motivated to do this because a rebate is an obvious way of encouraging a customer to purchase a product.

Claims 2 and 30: Bergh and Scroggie disclose a method as in claims 1 and 29, and Bergh further discloses that said indication of said selected one of said at least two products or said at least two services is provided to at least one of the following: a customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claims 3 and 31: Bergh and Scroggie disclose a method as in claims 1 and 29, and Bergh further discloses that said indication of said selected one of said at least two products or said at least two services is provided by at least one of the following: a customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claims 4 and 32: Bergh and Scroggie disclose a method as in claims 1 and 29, and Bergh further discloses that said indication of a product category including at least two products or a service category including at least two services is received by at least one of the following: a customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claims 5 and 33: Bergh and Scroggie disclose a method as in claims 1 and 29, and Bergh further discloses that said indication of a product category including at least two products or a

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service category including at least two services is received from at least one of the following: a customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claims 6 and 34: Bergh and Scroggie disclose a method as in claims 1 and 29, and Bergh further discloses that said indication of a product category including at least two products or a service category including at least two services is completed by at least one of the following: a customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claims 8 and 35: Bergh and Scroggie disclose a method as in claims 7 and 29, and Bergh further discloses that said indication of said benefit is provided to at least one of the following: a customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claims 9 and 36: Bergh and Scroggie disclose a method as in claims 7 and 29, and Bergh further discloses that said indication of said benefit is provided by at least one of the following: a customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claim 11: Bergh and Scroggie disclose a method as in claim 10, and Bergh further discloses that said indication of a purchase is received from at least one of the following: a customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claim 12: Bergh and Scroggie disclose a method as in claim 10, and Bergh further discloses that said indication of a purchase is received by at least one of the following: a

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customer, a customer device, a retailer, retailer device, a seller, a seller device, or a controller (col 3, lines 17-25; col 1, lines 24-32; col 26, line 43-col 28, line 56).

Claims 13-15, 46, 47: Bergh and Scroggie disclose a method as in claim 1, 43. Bergh further discloses receiving a customer identifier and determining a customer identifier (col 28, lines 47-56).

Bergh further discloses a purchase (col 27, line 65-col 28, line 2) and making a payment (col 19, lines 6-16).

Bergh does not explicitly disclose a payment identifier, receiving a payment identifier, that said payment identifier is customer identifier.

However, Scroggie discloses a payment identifier, receiving a payment identifier, that said payment identifier is customer identifier (col 12, lines 18-22).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Scroggie's payment identifier to Bergh's purchase. One would have been motivated to do this because purchases can be efficiently tracked and completed utilizing payment identifiers.

Claim 25-28: Bergh and Scroggie discloses a method as in claim 1. Bergh further discloses a purchase (col 27, line 65-col 28, line 2) and making a payment (col 19, lines 6-16).

Bergh does not explicitly disclose a price or condition of purchase. However, Scroggie discloses providing an indication of or determining a price for said selected one of said at least two products or at least two services (col 13, lines 64-col 14, line 2 and col 18, lines 11-25).

Scroggie further discloses determining a condition or providing an indication of said condition of purchase of said selected one of said at least two products or at least two services (col 2, lines 59-65 and col 12, lines 8-15).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Scroggie' price or condition of purchase to Bergh purchase of an item or service. One would have been motivated to do this because price or condition of purchase is obvious information for making a purchase that lets a customer better determine if they desire to make a purchase.

5. Claims 16, 22, 23, and 48 are rejected under 35 U.S.C. 103(a) as being unpatentable over Bergh (6,112,186) in view of Scroggie (5,970,469) in further view of Kanter (5,537314,).

Claims 16 and 48: Bergh and Scroggie discloses a method as in claims 1 and 43. Bergh further discloses a penalty (col 19, lines 9-15) and making a purchase (col 27, line 65-col 28, line 2).

Bergh does not explicitly disclose a penalty if the product is not purchased. However, Kanter discloses a referral recognition system for an incentive award program. Kanter further discloses a penalty for failing to purchase an item selected (col 10, lines 30-35).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Kanter's penalty for failed purchases to Bergh's recommendation and purchase method. One would have been motivated to do this so that Bergh can discourage purchases that are not possible.

Claim 22: Bergh and Scroggie disclose a method as in claim 1. Bergh further discloses an indication of a penalty (col 19, lines 9-15) and making a purchase (col 27, line 65-col 28, line 2).

Bergh does not explicitly disclose providing an indication of a penalty if the product is not purchased.

However, Kanter discloses a referral recognition system for an incentive award program. Kanter further discloses a penalty for failing to purchase an item selected (col 10, lines 30-35).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Kanter's penalty for failed purchases to Bergh's recommendation and purchase method. One would have been motivated to do this so that Bergh can discourage purchases that are not possible.

Claim 23: Bergh and Scroggie disclose a method as in claim 1. Bergh further discloses arranging for a penalty (col 19, lines 9-15) and making a purchase (col 27, line 65-col 28, line 2).

Bergh does not explicitly disclose arranging for a penalty if the product is not purchased.

However, Kanter discloses a referral recognition system for an incentive award program. Kanter further discloses a penalty for failing to purchase an item selected (col 10, lines 30-35). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Kanter's penalty for failed purchases to Bergh's recommendation and purchase method. One would have been motivated to do this so that Bergh can discourage purchases that are not possible.

Response to Arguments

6. Applicant's arguments with respect to claims 1-96 have been considered but are moot in view of the new ground(s) of rejection.

Examiner notes that while specific references were made to the prior art, it is actually also the prior art in its entirety that is being referred to.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Arthur Duran whose telephone number is (703)305-4687. The examiner can normally be reached on Mon-Fri, 7:30-4:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber can be reached on (703)305-8469. The fax phone numbers for the organization where this application or proceeding is assigned are (703)872-9326 for regular communications and (703)872-9327 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703)308-1113.

AD

July 30, 2003


James W. MYHRER
Primary Examiner
Art Unit 3622